

#### 16.06: Petitions for Additions to Legal List

Every board which petitions the Office of the Commissioner of Banks for inclusion of securities on the Legal List shall forward a copy of the petition and the final determination by the Commissioner of Banks as to inclusion on the Legal List to the Commission.

#### 16.07: Review of Investment Performance; Investment Managers

- (1) Every retirement board shall at least quarterly review the performance of the overall portfolio and selected components against the retirement system's investment goals and policies.
- (2) Every retirement board which has received an exemption pursuant to 840 CMR 19.00 shall meet with its qualified investment manager or managers at least annually and shall, at a minimum:
  - (a) require its qualified investment manager or managers to provide a comprehensive written quarterly report which includes a review of investment performance including a review of the investment manager's relative performance, a review of the system's investments, and a report on the investment manager's current investment outlook or forecast as well as strategy for the future;
  - (b) review each such report in depth with its qualified investment manager or managers; and
  - (c) require its qualified investment manager or managers to send one such report to the Commission each year.
- (3) Every retirement board which has retained a qualified investment manager shall at least annually make a determination as to whether the manager continues to operate in the manner represented when retained and outlined in the agreement between the board and the qualified investment manager.
- (4) Every retirement board which has retained a qualified investment manager shall require said manager to report key personnel staffing changes to the retirement board and the Commission on or before the effective date of such changes.

#### 16.08: Procurement of Investment Related Services

The selection and hiring of investment managers, consultants, custodian banks and other investment related service providers by all retirement boards shall be subject to a competitive process which satisfies the boards' fiduciary duty and meets the requirements of M.G.L. c. 32 and 840 CMR. Prior to retention of the vendor Boards shall notify the Commission that such a process as well as the provisions of M.G.L. c. 32 and 840 CMR were adhered to. A procurement file for each such selection shall be maintained by the board and be subject to audit. Said file shall contain the request for proposals, selection process, selection criteria and other

information relative to the board meeting its fiduciary responsibility with respect to the selection.

A person submitting a bid or proposal to provide services to a board shall certify, in writing, on the bid or proposal, as follows:

The undersigned certifies under penalties of perjury that this bid or proposal has been submitted in good faith and without collusion or fraud with any other person. As used in this certification, the word "person" shall mean any natural person, business, partnership, corporation, union, club, or other organization, entity or group of individuals.

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(Signature of individual submitting bid or proposal)

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(Name of business)

#### 16.09: Notice to Cease and Desist

If the Executive Director of the Public Employee Retirement Administration Commission has reason to believe that any person including, without limitation, any board or member or qualified investment manager thereof, has invested or is investing the funds of a system without authorization or in violation of any provision of M.G.L. c. 32, or 840 CMR 16.00 through 25.00, inclusive, the Executive Director shall issue a notice to such person to cease and desist from doing so and, if the Executive Director finds that protection of system funds so require, the Executive Director may:

- (1) remove any such person from advising any retirement system or managing the funds of any system;
- (2) revoke any exemption granted to such board pursuant to 840 CMR 19.00; or
- (3) petition the Superior Court to compel the observance and restrain the violation of any provision of M.G.L. c. 32, § 23, or 840 CMR 16.00 through 25.00.

#### 16.10: Investment of Funds by Exempt Boards

Notwithstanding the provisions of 840 CMR 19.00, retirement boards which have received an exemption in accordance with 840 CMR 19.00 may retain investment responsibility for sufficient assets necessary to cover current disbursements.

#### REGULATORY AUTHORITY

840 CMR 16.00: M.G.L. c. 7, § 50; c. 32, §§ 21 and 23.